

LIVABLE DELAWARE **DSHA PROGRAM AND ACTIVITY**

EXECUTIVE SUMMARY

In accordance with Executive Order No. 14, signed by Governor Ruth Ann Minner on March 22, 2001, the Delaware State Housing Authority (DSHA) has completed the program activity templates as prescribed by the Office of State Planning.

The **programs and activities** administered by DSHA are categorized as follows:

- Home Ownership Programs
- Rental Assistance Programs
- Rehabilitation Programs
- Other Activities

Written policies and program procedures for program and activities are bound in a separate notebook, and referenced accordingly in the template that describes the program or activity.

Where each template addresses “**Current Situation**”, we have included two standard items, where applicable:

- A table that references goals and objectives established for a particular program by the **DSHA Strategic Plan**.
- A list of the **Shaping Delaware’s Future goals** that are impacted by the program or activity.

There are **several running themes** in the documents provided, which reflect cross-cutting issues that DSHA is addressing through some or all of its proposed program changes:

HOUSING DEVELOPMENT FUND

- ★ An increase to approximately \$9 million dollars is needed to support the **Low Income Housing Tax Credit (LIHTC)** program.
- ★ Effective in FY02, the **LIHTC** allocation to the State was **increased from \$1,100,000 to \$2,000,000**, or more than double the State’s previous allocation. Six developments totaling 328 units will be developed in the FY02 funding round. The **key assumption** which changed in FY02 was that the Housing Development Fund (**HDF**) /HOME program amount required to support these developments **increased from \$9,000,000 in the prior year to over \$14,000,000 in the current year, a difference of \$5,000,000**.
- ★ **Although extraordinary measures were taken to support this funding round, DSHA is forced to place a moratorium on funding through the Housing Development Fund**

to assure some level of support to LIHTC developments.

- ★ Adequate funding of the HDF in order to fully utilize the Tax Credits available to the State is the most **effective tool in DSHA's possession to implement the affordable housing provisions of *Liveable Delaware***. This is because only the LIHTC program, in conjunction with the HDF, has the ability to add new and revitalized existing affordable housing units to the State's housing stock and keep them affordable for an extended time period.
- ★ **Without the additional HDF funds requested, DSHA will not be able to fully expend its LIHTC allocation, which will mean that each Tax Credit dollar left uncommitted, leveraging an additional seven match dollars, will be allocated to another State to use.**

NEED FOR STATEWIDE AFFORDABLE HOUSING STRATEGY

- ★ During the next five years, there is a risk of **losing approximately 2,000 - 3,000 units of affordable rental housing through owner "opt-outs"**. The "opt-outs" are triggered by expiring tax credits and payoffs of FHA mortgages. The State must plan to preserve existing housing stock and meet rising current and future housing needs. Such planning must be the business of all housing agencies. (While the Statewide Strategy will speak to all needs, Georgetown/Sussex County will receive priority focus.)

STRONG COMMUNITIES

- ★ **The Strong Communities Initiative needs to be reaffirmed by the Governor's office, so that financial institutions can continue to support them through Community Reinvestment Act (CRA) efforts.** The community representatives are expressing the need to access resources like the CDBG program and others that can support activities matched with CRA initiatives.

MARKETING THEME

- ★ We must become more proactive in our efforts to eliminate the "Not in my Backyard" (NIMBYism) syndrome. We must develop **customer friendly videos and brochures to promote a change in the perception of assisted subsidized affordable housing**. The value of economically integrated communities would be explained to the members of the community, developers, community leaders, members of the legislature, and other state agencies.

DSHA is always interested in increasing the number of qualified landlords who are willing to participate in our housing programs, and maintain properties to the Housing Quality Standards. Our promotional material will be targeting these potential landlords.

Activity/Policy/Program Name:

PUBLIC HOUSING HOME OWNERSHIP PROGRAM

Contact Person: Lynne Bie

Enabling Laws: Title 31, Chapter 40, Subchapter III, Section 4001 of the Delaware Code.

Policies: SEE TAB A

History:

- The Public Housing Home Ownership Program was originally funded equally by the Housing Development Fund and the U.S. Department of Housing and Urban Development (HUD). Program operations are now funded entirely by HUD.
- The Public Housing Home Ownership Program was begun in 1989, as a demonstration project.

Current Situation:

- DSHA's Public Housing Home Ownership Program provides carefully selected, responsible Public Housing site residents and families on (primarily) DSHA's Public Housing waiting list and (secondarily) the Section 8 and Capitol Green waiting lists (as necessary), with the opportunity to purchase their own homes in modest residential neighborhoods.
- The Public Housing Home Ownership Program is currently operated only in Kent County only. Have moved sixteen public housing families from rental to home ownership.
- Selected participants from DSHA's Public Housing and Section 8 Programs must demonstrate they have been responsible members of their communities for at least two years and have no serious lease violations. Participants must be gainfully employed, actively seeking employment, or be enrolled in a job training program. Families selected include single- and two-parent households with one to five children.
- Families move into DSHA-owned homes on a rental basis for as long as three years, during which time they learn the responsibilities of home ownership, benefit from supportive services such as budget counseling and home ownership counseling and begin to save money to purchase the home from DSHA.
- DSHA contracts with NCALL Research, Inc. to provide home ownership counseling to program participants.

Revisions/Actions Needed:

- Ensure that the program continues to have a stock of 15 houses rented and participants in the process of becoming home owners.

DSHA's Livable Delaware

- Expand the program into Sussex County.
- Monitor program activities to ensure homes that are selected for ownership are located in areas that conform to the Strategies for State Policies and Spending.

Resources needed to create/revise:

- Funds to purchase additional homes are needed, especially for expansion into Sussex County. Currently funds from sale go to purchase additional houses. (Current inventory is two houses short, but increases in home prices have made it difficult to locate appropriate affordable houses.)
- Need to obtain rental subsidy from HUD.

Process for creation/revision:

- Contact HUD to determine if and how program can be expanded into Sussex County.
- Identify resources to purchase homes that will eventually be purchased by residents.

Schedule:

- Would expect to begin purchasing additional houses in approximately 24 months after receiving permission from HUD to expand program into Sussex and obtaining funding to purchase additional homes.

Measures to guide progress:

- Quarterly reports from NCALL Research, Inc. on status of families in housing counseling.
- DSHA utilizes its Housing Assistance Production Report (HAPR) to track the production and assistance of affordable housing units by all providers statewide. This tool is designed to provide data that helps the agency determine the extent to which the housing needs are being met across the state.
- Track the number of participants purchasing homes from DSHA in the three year time frame.

Interactions or inter-relationships with other agencies or units of government:

- NCALL Research, Inc.
- Public Housing Residents
- Private Lending Institutions
- Federal Lending Institutions
- HUD

Capital/Budget:

- Federal allocations provide funding. Should the allocation decrease, then funding for the

respective activities will be reduced or eliminated.

Activity/Policy/Program Name:

SINGLE FAMILY MORTGAGE REVENUE BOND (SFMRB) PROGRAM

Contact Person: James Peffley

Enabling Laws: Title 31, Chapter 40, Subchapter III, Section 4001 of the Delaware Code.

Policies: See TAB B

History:

- DSHA has issued tax-exempt mortgage revenue bonds since its inception in 1968. DSHA uses the proceeds to make mortgage loans available, through participating lenders, at interest rates below conventional financing. **DSHA has issued over \$1 billion of tax-exempt single family mortgage revenue bonds since its inception in 1968.**

Current Situation:

- The Single Family Mortgage Revenue Bond Program provides first mortgage financing at below-market interest rates to low- and moderate-income “first-time” homebuyers. For the purpose of this program, a “first-time” homebuyer is defined as one who has not owned a principal residence within the past three years. The program is operated statewide.
- Delaware banks and other financial institutions may apply to DSHA to become approved lenders to originate below market rate first mortgages. Banks and financial institutions can purchase the Single Family bonds in order to make the proceeds available at below market rates to low- and moderate- income first-time homebuyers.
- Borrowers cannot have owned their principal residence within the past three years. Their household income must fall below the amount established for each of the three counties based on family size, and the sales price of the home they are purchasing must not exceed program limits. Prospective buyers must be considered credit worthy.

Revisions/Actions Needed:

- DSHA, with the assistance of the State's bond counsel and financial advisor, is completing a restructuring of the Single Family Program to make it more effective and efficient. As it relates to Livable Delaware, we are earmarking a portion of bond proceeds to help revitalize targeted areas, particularly within the City of Wilmington. Borrowers purchasing a house in a targeted area will receive down payment assistance in addition to their mortgage. This down payment assistance will be in the form of a grant that is not subject to repayment by the first-time home buyer. Our goal is to increase the home ownership rate in these troubled areas and thereby help stabilize the communities, in conformity with Livable Delaware.

- In addition, we are pursuing other ways to use this valuable tool to meet the housing needs of Delaware's citizens. For example, we are working with the Department of Education to craft a way to attract teachers to the state (and retain these teachers) by offering a targeted home ownership program to new teachers.

Resources needed to create/revise:

- Federal allocation of Bond Volume Capital. The amount is set out in the Delaware Code.

Process for creation/revision:

- The revisions to the Single Family program are being developed in collaboration with the State's bond counsel, our financial advisor, and our underwriter.

Schedule:

- The new initiative providing down payment assistance in targeted areas will be implemented this year with the issuance of our 2001A bond issue in October/November. Other changes, such as the initiative designed to attract new teachers, will follow in 2002.

Measures to guide progress:

- DHA utilizes its Housing Assistance Production Report (HAPR) to track the production and assistance of affordable housing units by all providers statewide. This tool is designed to provide data that helps the agency determine the extent to which the housing needs are being met across the state.

Interactions or inter-relationships with other agencies or units of government:

- Most interaction takes place with banks and other financial institutions.
- DSHA regularly communicates with the Department of Finance as we issue bonds. In addition, we are currently working with the Department of Education to develop a program targeting teachers. We will work with other departments as opportunities arise.

Capital/Budget:

- Bonds will support this activity. We are scheduling about 4-5 issues in 2001-2002.

Activity/Policy/Program Name:
HOUSING DEVELOPMENT FUND (HDF)

Contact Person: Jerry Jones

Enabling Laws: Title 31, Chapter 40, Subchapter III, Section 4001 of the Delaware Code.

Policies: See TAB C

History:

- **The Housing Development Fund is a revolving fund for new construction and rehabilitation or aquisition of affordable housing.** It is the Delaware State Housing Authority's primary financing resource for supporting the development of affordable housing statewide. This fund is available through appropriations from the General Assembly, in addition to a dedicated document recording surcharge and interest income.

Current Situation:

- Because the HDF is a revolving fund, most of its financing activity is in the form of both short- and long-term loans which may be used to finance pre-development expenses and construction costs, as well as to assist in permanent financing.
- **The program works in tandem with the HOME and Tax Credit programs (see related activity forms), and follows the same principals of the State Strategies for Policies and Spending.**
- Priority is given to applicants which leverage HDF monies with other sources of funding, both public and private. Interest rates and loan repayment terms are adjusted to the fit the needs of each proposal. Grants are possible in cases where sponsors demonstrate that an application can support little or no debt service. Developers who receive HDF loans must rent or sell an agreed-upon percentage of their units to qualified low- and moderate-income persons. Rental developments must remain committed to the low-income purpose for 20 years or the term of the loan, whichever is longer.
- HDF funds are available to both nonprofit and for-profit developers of housing for low- and moderate-income families in Delaware. Because the HDF has limited funds, it is the developer's responsibility to provide the Housing Authority with evidence that all other potential sources of funding have been explored and/or exhausted.
- Types of applications that will be considered include new construction, the acquisition and/or rehabilitation of existing housing, and the adaptive reuse of nonresidential buildings. Rental, transitional and for-sale housing projects are all eligible for funding.
- **Effective in FY02, the LIHTC allocation to the State was increased by \$1,100,000 to \$2,000,000, or more than double the State's previous allocation. Six developments**

totaling 328 units were assisted in the FY02 funding round. The key assumption which changed in FY02 was that the HDF/HOME amount required for these developments increased from \$9,000,000 in the prior year to over \$14,000,000 in the current year, a difference of \$5,000,000.

- Priority will be given to applications that rely on other resources and use little or no HDF funds.
- Although measures were taken to support this funding round, DSHA is forced to place a moratorium on funding through the Housing Development Fund through at least FY03.
- *Shaping Delaware's Future*
Goal 1 - Direct investment and future development to existing communities, urban concentrations, and growth areas. Goal 3 - Improve housing quality, variety, and affordability for all income groups.
Goal 6 - Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.

Revisions/Actions Needed:

- The adequate funding of the HDF in order to fully utilize the Tax Credits available to the State is the most effective tool in DSHA's possession to implement the affordable housing provisions of Liveable Delaware. This is because only the LIHTC program, in conjunction with the HDF, has the ability to add new affordable housing units to the State's housing stock and keep them affordable for an extended time period. It is also the only viable program on an on-going basis with the capacity to revitalize multi-family developments in Wilmington and other urban areas of the State.

Resources needed to create/revise:

- To utilize these additional Tax Credits will require a total of \$9 million, an additional State investment over the base budget of \$4,000,000. This figure is based upon DSHA's actual experience in FY02, the extraordinary cost cutting DSHA had to perform on several of its existing programs to meet its FY02 commitments, the lack of additional places to cut in FY03, and the moratorium to be placed effective 10/1/01 on the receipt of new HDF applications—only the second such time in DSHA's history has a moratorium on HDF applications been imposed.
- Without the additional HDF funds requested, DSHA will not be able to fully expend its LIHTC allocation, which will mean that each Tax Credit dollar left uncommitted, leveraging an additional seven match dollars, will be allocated to another State to use.

Process for creation/revision:

- DSHA has looked at a number of possible funding sources in order to make up the \$5,000,000 HDF shortfall. Several of the options we are examining include:
- Securitization of HDF Loan Portfolio;
- Possibly doubling the amount received from Recorder of Deeds fees; and
- Possibly becoming exempt from the State Transfer Tax and Improvement Tax.

Schedule:

- Our request to the Budget Office for a total of \$9 million will be submitted in October of 2001.

Measures to guide progress:

- DSHA utilizes its Housing Assistance Production Report (HAPR) to track the production and assistance of affordable housing units by all providers statewide. This tool is designed to provide data that helps the agency determine the extent to which the housing needs are being met across the state.

Need	5 year goal	1 year goal
5,000 units of home ownership housing	350	70
36,000 units of rehabilitation	2,000 (includes emergency repair assistance)	400
16,200 new rental units	2,200	440

Interactions or inter-relationships with other agencies or units of government:

- Council of State Community Development Agencies (COSCDA)
- Department of Agriculture
- Department of Health and Social Services
- Department of Natural Resources and Environmental Control
- Housing Developers
- National Council of State Housing Agencies (NCSHA)
- Nonprofit housing agencies
- Other housing assistance providers
- State Budget Office
- State Historic Preservation Office
- State Legislature
- U. S. Department of Housing and Urban Development (HUD)
- U.S. Department of Rural and Economic Development

As indicated above, the HDF works in tandem with other housing assistance programs from time to time, including the HOME and Tax Credit programs. When development

funds assist special needs housing, for example, the Department of Health and Social Services is involved, with the pivotal coordinator being the developer or project sponsor. The federal Rural Development agency assists many developments, often in other phases of developments than those being assisted by the HDF, which takes coordination of the financing involved.

Capital/Budget:

- **A total of \$5 million above current HDF allocation.**

Activity/Policy/Program Name:

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Contact Person: H. James Loescher

Enabling Laws: National Affordable Housing Act of 1990

Policies: See TAB D

History:

- The Federal program became available to States and eligible participating jurisdictions in 1992 for use in providing affordable rental and home ownership housing through the acquisition, rehabilitation and new construction of housing and tenant-based rental assistance. Annually, \$3,000,000 is allocated to the State of Delaware, of which at least 15% is reserved for use by Community Housing Development Organizations (**CHDOs**) for furthering affordable housing.

Current Situation:

- In addition to using HOME Program funds for providing affordable rental and home ownership housing through the acquisition, rehabilitation and new construction of housing and tenant-based rental assistance, **HOME funds are also utilized in support of the State Housing Development Fund (HDF) and Federal Low-Income Housing Tax Credit (LIHTC) Program, and in support of scattered site housing rehabilitation activities funded through the Kent and Sussex County CDBG Programs.**
- Facing a moratorium on Housing Development Funds, the HOME Program is going to be stretched to the point of no longer being able to support the scattered site housing rehabilitation activity, thus having a domino affect on the other limited resources for this activity.
- Additionally, both the U.S. Department of Housing and Urban Development (**HUD**) and **Congress are considering HOME program changes this year, which will require a set aside for home ownership activities.** A revised federal rule is expected in the summer of 2002 from Congress, requiring up to a **third** of our allocation be used for home ownership. **This will have a devastating affect on our ability to support new construction and rehabilitation activities.**
- ***Shaping Delaware's Future:***
 - Goal 1 - Direct investment and future development to existing communities, urban concentrations, and growth areas.***
 - Goal 3 - Improve housing quality, variety, and affordability for all income groups.***
 - Goal 6 -Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.***
 - Goal 8 - Protect the state's water supplies, open spaces, farmlands, and communities by encouraging revitalization of existing water and wastewater systems and the construction of new systems.***

Revisions/Actions Needed:

- **Any changes to the Housing Development Fund and Low-Income Housing Tax Credit programs will have to be applied to the HOME Program**, as HOME funds are being used in conjunction with these two programs, to the extent permitted by Federal Regulation.
- **The HOME program should be amended to allow participating jurisdictions to select which program's rules would apply to a particular project.** The traditional approach when combining different resources is to let the more restrictive requirements apply. While this works, it can limit the cash flow of a project which means more federal or state financing is required to make the project work.

Resources needed to create/revise:

- **DSHA needs an additional \$5,000,000 in HDF funding over its base budget request in order to fully utilize its available Tax Credits.** In FY02, the HDF/HOME amount required for matching the cost of Tax Credit developments increased from \$9,000,000 in the prior year to over \$14,000,000 in the current year, a difference of \$5,000,000. **DSHA committed two year's worth of HOME funds for these Tax Credit allocations-- leaving only the annual amount available in FY03.**

Process for creation/revision:

- **Submitting our legislative agenda in October 2001, with a request for additional funding from the legislature for the HDF.**
- Providing comments to national organizations such as the National Council of State Housing Agencies to lend support for the revisions noted above.

Schedule:

- August 2001 – Comment to NCSHA and HUD regarding the proposed revision to provide for a home ownership set aside.
- October 2001 – **Submit legislative agenda requesting a total of \$9 million dollars.**

Measures to guide progress:

Need	5 Year DSHA Goal	1 Year DSHA Goal	5 Year CDBG & HOME Goal
36,000 units of rehabilitation	3,200 units	640 units	500 units

- DSHA utilizes its Housing Assistance Production Report (HAPR) to track the production and assistance of affordable housing units by all providers statewide. This tool is designed to provide data that helps the agency determine the extent to which the housing needs are being met across the state.

Interactions or inter-relationships with other agencies or units of government:

- Council of State Community Development Agencies (COSCDA)
- Department of Agriculture

- Department of Health and Social Services
- Department of Natural Resources and Environmental Control
- Housing Developers
- National Council of State Housing Agencies (NCSHA)
- Nonprofit housing agencies
- Other housing assistance providers
- State Budget Office
- State Historic Preservation Office
- State Legislature
- U.S. Department of Housing and Urban Development (HUD)
- U.S. Department of Rural and Economic Development

Annual HOME appropriations to Delaware are reviewed by the State Clearinghouse and developments to be funded must go through a complete environmental review, which involves Department of Natural Resources and Environmental Control, the Department of Agriculture, and the Section 106 Review Process, which is under the purview of the State Historic Preservation Office (SHPO).

Capital/Budget /BUDGET:

- Federal allocations provide funding. Should allocation change, funding for activities will be reduced or eliminated.
- Total of 9 million dollars to support low income tax credits.

Activity/Policy/Program Name:

LOW INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

Contact Person: James Peffley

Enabling Laws: The federal Low Income Housing Tax Credit program was established by Section 252 of the Tax Reform Act of 1986 and was codified as Section 42 of the Internal Revenue Code of 1986 as amended. The Revenue Reconciliation Act of 1989 amended IRC Section 42 by adding Section 42(m) that requires allocating agencies to allocate low income housing tax credits pursuant to a Qualified Allocation Plan (QAP).

Policies: See TAB E

History:

- In 1987, the federal government developed the Tax Credit program to stimulate the production and preservation of affordable housing. Each state's Housing Finance Agency has been charged with allocation of credits to qualified developments. DSHA has an allocation plan that is revised annually, according to the housing needs identified in the state.

Current Situation:

- The LIHTC Program is guided by an Allocation Plan which is prepared each funding year. The Plan establishes funding priorities and project ranking criteria.
- We have established an Advisory Committee to assist us as we rewrite the State's allocation plan. Members of the Advisory Committee represent a cross section of stakeholders in the program, including government officials, community leaders, developers, nonprofit organizations.
- A consultant has been retained to oversee the complete redrafting of the Allocation Plan to bring it in compliance with Livable Delaware guidelines, and meet current and projected housing needs.

· ***Shaping Delaware's Future:***

Goal 1 - Direct investment and future development to existing communities, urban concentrations, and growth areas.

Goal 3 - Improve housing quality, variety, and affordability for all income groups.

Goal 5 - Streamline regulatory processes and provide flexible incentives and disincentives to encourage development in desired areas.

Goal 6 - Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.

Revisions/Actions Needed:

- General revisions at this point address many of the issues and concerns raised by staff, members of the Advisory Committee and the two organizations providing written comments to date.
- There will be changes to the Sites and Neighborhoods criteria that will ensure that the Plan is in conformance with the State Strategies for Policies and Spending.
- The point system is designed, at this preliminary stage, to provide an incentive to developers to produce housing that meets the goals and objectives of Livable Delaware. The overall point system and the relative point values given to each category requires closer examination to insure the point system is producing the kind of housing DSHA is seeking.
- The revised plan will require developers applying for tax credits to provide written notification to the surrounding community and to organize community meetings to educate the community regarding their plans. This will supplement community notification requirements enacted by the General Assembly last year.
- The new allocation plan will prohibit a developer the permanent, non-voluntary displacement of a resident from an apartment in a development being rehabilitated under the Tax Credit program. Currently, residents who do not qualify for the Tax Credit program are forced to relocate once their apartment building receives credits.

Resources needed to create/revise:

- **Effective in FY02, the LIHTC allocation to the State was increased by \$1,100,000 to \$2,000,000, or more than double the State's previous allocation. Six developments totaling 328 units were assisted in the FY02 funding round. The key assumption which changed in FY02 was that the HDF/HOME amount required for these developments increased from \$9,000,000 in the prior year to over \$14,000,000 in the current year, a difference of \$5,000,000.**
- To utilize these additional Tax Credits will require a total of \$9 million, an additional State investment over the base budget of \$5,000,000. This figure is based upon DSHA's actual experience in FY02, the extraordinary cost cutting DSHA had to perform on several of its existing programs to meet its FY02 commitments, the lack of additional places to cut in FY03, and the moratorium to be placed effective 10/1/01 on the receipt of new HDF applications—only the second such time in DSHA's history has a moratorium on HDF applications been imposed.
- **Without the additional HDF funds requested, DSHA will not be able to fully expend its LIHTC allocation, which will mean that each Tax Credit dollar left uncommitted, leveraging an additional seven match dollars, will be allocated to another State to use.**

Process for creation/revision:

- The need to revitalize and preserve existing communities in the State is great, and we want to ensure a significant portion of program resources are used for this purpose, which is consistent with the Governor's agenda. Preserving existing housing refers to two situations. We want to preserve affordable housing that has deteriorated physically, and we want to give incentives to apartment owners to preserve the affordability of their apartments when their subsidy contracts expire and they have the opportunity to opt out. Nationally, many apartment owners are choosing to opt out, thereby reducing the supply of affordable housing. Second, we want to craft a relatively simple allocation plan that effectively allocates credits to meet established needs.

Schedule:

- DSHA is in the process of preparing the second draft of the Allocation Plan. As the plan is drafted, we will hold two public hearings to solicit additional comments that may not have been offered by our Advisory Committee.
- The new Plan is scheduled to be ready for the Governor's signature by December 15, 2001. The next round of applications will be due from developers in January of 2002.

Measures to guide progress:

- DSHA utilizes a Housing Assistance Production Report (HAPR) to track the production of affordable housing statewide. Data included in this report provides an indication to DSHA staff and to the public as to how well the housing needs are being met. New units of affordable housing, in the appropriate income ranges, should be funded by the Tax Credit program in accordance with the need.
- **Each Tax Credit dollar leverages an additional seven match dollars; full utilization of the Tax Credit program depends on those dollars being available.**

Need	5 year goal	1 year goal
16,200 new rental units	1,300	260

Interactions or inter-relationships with other agencies or units of government:

- Council of State Community Development Agencies (COSCDA)
- Department of Agriculture
- Department of Health and Social Services
- Department of Natural Resources and Environmental Control
- Housing Developers
- National Council of State Housing Agencies (NCSHA)
- Nonprofit housing agencies
- Other housing assistance providers
- State Budget Office
- State Historic Preservation Office

- State Legislature
- U. S. Department of Housing and Urban Development (HUD)
- U.S. Department of Rural and Economic Development

Capital/Budget:

- Federal allocations provide funding. Should the allocation decrease, then funding for the respective activities will be reduced or eliminated.

Activity/Policy/Program Name:

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

Contact Person: Andrew Lorenz

Enabling Laws: Housing and Community Development Act of 1974

Policies: See TAB F

History:

- In 1982, the U.S. Department of Housing and Urban Development (HUD) delegated the administration of the non-entitlement CDBG funds to State governments under the State Small Cities Program. Under the former Delaware Department of Community Affairs, the former Division of Housing was given authority to administer the program and develop application and funding guidelines in Kent and Sussex counties, which the Delaware State Housing Authority continues today.
- Wilmington and New Castle County each administer their own CDBG entitlement programs, and the City of Dover recently became its own entitlement grantee.
- Although many of the Strong Communities have received CDBG funding, they historically have not been the focus of the program.
- **Eligible activities include housing rehabilitation, housing code enforcement, demolition of substandard structures, construction/rehabilitation of emergency/transitional shelters, relocation assistance, infrastructure for low- and moderate-income households, certain housing related services, and certain emergency activities. Administrative funds are also provided, up to 20% of the State's allocation.**

Current Situation:

- **Funds are currently made available annually to Kent and Sussex counties and all municipalities located within the two counties through a competitive application process. (New Castle County, the City of Wilmington, and the City of Dover administer separate CDBG programs.)**
- The primary activity receiving funding is housing rehabilitation, which results from waiting lists for funding exceeding 500 households in each county at any given time. **There are very few other resources available for rehabilitation, and communities are forced to compete for the limited funding, resulting in many proposals being funded for a very few number of units.**
- The **Strong Communities designation has yet to be reaffirmed** by the Governor to access resources like the CDBG program to continue the level of work and financial contributions.

- Every year, funds are requested totaling over twice the amount of funds available. On average, 20-25 proposals are funded, at least partially.

- ***Shaping Delaware's Future:***

Goal 1 - Direct investment and future development to existing communities, urban concentrations, and growth areas.

Goal 3 - Improve housing quality, variety, and affordability for all income groups.

Goal 6 - Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.

Goal 8 - Protect the state's water supplies, open spaces, farmlands, and communities by encouraging revitalization of existing water and wastewater systems and the construction of new systems.

Revisions/Actions Needed:

- **DSHA needs to require a more holistic approach to community development.** More emphasis needs to be placed on the stability of communities interested in using block grant funding. While incorporated communities regularly apply for funding, the current policy of DSHA's CDBG program is to serve primarily rural areas that have become disenfranchised.
- **DSHA will revise application requirements to reflect** that new construction must be located in the **Livable Delaware** designated community and developing areas.
- **Funding rounds will focus on targeted areas where community development needs have been assessed. Communities will be encouraged to demonstrate that a proposal will address multiple needs of a defined target area, and that the proposal will have a measurable impact on the stability of the community, without conflicting with the State Strategies for Policy and Spending by encouraging growth in areas not so designated.**
- **The Strong Communities Initiative needs to be reaffirmed by the Governor's office, so that financial institutions can continue to support them through Community Reinvestment Act (CRA) efforts.**

Resources needed to create/revise:

- Counties have historically supported any reasonable proposal by local communities, but with the emphasis on holistic community development, more responsibility will be placed on the county to evaluate the impact that proposals will have on local areas, before submitting them to the State.
- This has the potential to reduce the actual number of qualified applications, but the impact of each successful proposal will prove to be worth making the change.

Process for creation/revision and Schedule:

- By year end 2001, communities will have had the opportunity to comment on draft program guidelines that will introduce the holistic approach. Public hearings are required to be held by the State and by the local governments acting on behalf of smaller communities applying for funding. Proposals will be due in early spring of 2002, reviewed within a month, and recommended for funding by May 2002, when the Consolidated Plan is due to HUD.
- Get agreement from all government affordable housing agencies in the State to create/publish a Statewide Affordable Housing Consolidated Plan.

Measures to guide progress:

- **Units of affordable housing should be served by rehabilitation or appropriate infrastructure program in accordance with the need determined prior to application for funding.**
- Assistance provided to local governments, provided annually, should reflect an increase in the amount of funding awarded to individual proposals, while the number of proposals funded will decrease. Waiting lists for housing rehabilitation will not be impacted either positively or negatively, however, the targeted areas will be more thoroughly addressed, reducing the need to serve an area more than once.
- The State's Consolidated Plan Performance Report serves as a measurement tool and reporting mechanism, as does the Housing Assistance Production Report (HAPR) to track the production of affordable housing statewide. Data included in this report provides an indication to DSHA staff and to the public as to how well the housing needs are being met.

Need	5 Year DSHA Goal	1 Year DSHA Goal	5 Year CDBG & HOME Goal
36,000 units of rehabilitation	3,200 units	640 units	500 units

Interactions or inter-relationships with other agencies or units of government:

- County administrations
- Local governments
- Community nonprofit agencies
- Local governments will have the option to review the proposed changes to the CDBG Program guidelines in the Fall of 2001. DSHA will work directly with the communities and applicants to discuss how they can make successful applications.

Capital/Budget:

- Federal allocations provide funding. Should the allocation decrease, then funding for the

respective activities will be reduced or eliminated.

Activity/Policy/Program Name:

HOUSING REHABILITATION LOAN PROGRAM (HRLP)

Contact Person: James Peffley

Enabling Laws: Title 31, Chapter 40, Subchapter III, Section 4001 of the Delaware Code.

Policies: See TAB G

History:

- Since 1985, this program has provided home improvement loans to moderate-income owner-occupants and landlords renting to low-income tenants. The assistance is used to moderately rehabilitate existing properties to comply with the State Housing Code or to make a property handicapped-accessible.

Current Situation:

- The Housing Rehabilitation Loan Program is funded by the Delaware State Housing Authority's Housing Development Fund.
- Loans are made to low- and moderate-income owner-occupants who are willing and able to repay the 3% loan.
- Loans up to a maximum amount of \$35,000 per unit for owner-occupants are made at 3% interest for a maximum 15 year term. Loans to landlords are up to a maximum amount of \$25,000 per unit at 3% interest rate for a maximum 15 year term.
- ***Shaping Delaware's Future:***
 - Goal 1 - Direct investment and future development to existing communities, urban concentrations, and growth areas.***
 - Goal 3 - Improve housing quality, variety, and affordability for all income groups.***
 - Goal 6 - Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.***
 - Goal 8 - Protect the state's water supplies, open spaces, farmlands, and communities by encouraging revitalization of existing water and wastewater systems and the construction of new systems.***

Revisions/Actions Needed:

- Throughout the Livable Delaware Strategies, preservation of the existing housing stock is encouraged in all areas of the State.

Resources needed to create/revise:

- Continued monitoring to ensure that the goals and objectives of Livable Delaware are being met.

Process for creation/revision:

- Effective in FY02, the LIHTC allocation to the State was increased by \$1,100,000 to \$2,000,000, or more than double the State's previous allocation. The HDF/HOME amount required for these developments increased from \$9,000,000 in the prior year to over \$14,000,000 in the current year, a difference of \$5,000,000. This redirection of funds could result in the HRLP program halting.

Schedule:

- This revolving fund makes assistance available to all Delawareans year-round.

Measures to guide progress:

- The Housing Assistance Production Report (HAPR) serves as a measurement tool to track affordable housing assistance statewide. Data included in this report provides an indication to DSHA staff and to the public as to how well the housing needs are being met.

Need	5 Year DSHA Goal	1 Year DSHA Goal	5 Year HRLP Goal
36,000 units of rehabilitation	3,200 units	640 units	300 units

Interactions or inter-relationships with other agencies or units of government:

- City of Wilmington
New Castle County
Kent County
Sussex County

Capital/Budget:

- State allocations provide funding. Should the allocation decrease then funding for the respective activities will be reduced or eliminated.

Activity/Policy/Program Name:

THE HOUSING CAPACITY BUILDING PROGRAM (HCBP)

Contact Person: Kimberly Brockenbrough

Enabling Laws: N/A

Policies: See TAB H

History:

- The HCBP was established in November 1993 as a joint initiative of the **Delaware State Housing Authority (DSHA)**, the **University of Delaware's Center for Community Development and Family Policy (UD/CCDFP)** and the **Delaware Community Foundation (DCF)**. In 1997, the **Delaware Community Investment Corporation (DCIC)** became a partner, replacing the Delaware Community Foundation. The Delaware Community Foundation has remained actively involved in the program and continues to serve as the program's fiscal agent.
- **Each partner works to coordinate efforts to build the capacity of nonprofit housing organizations.** Prior to the formation of the Housing Capacity Building Program, each of the partners and other groups used uncoordinated and sometimes duplicative efforts to encourage the growth of the nonprofit housing sector.
- The HCBP sponsors a twelve day Affordable Housing Certificate Course offered biannually.

Current Situation:

- The HCBP **provides grants, technical assistance and training to nonprofit organizations that build, manage or prepare people to attain affordable housing.** Assistance is provided to allow the organization to build its capacity to produce more housing or to improve performance.
- **\$200,000 - \$250,000 is contributed** to the Housing Capacity Building fund annually by approximately 15 financial institutions and foundations.
- ***Shaping Delaware's Future***
Goal 3 - Improve housing quality, variety, and affordability for all income groups.
Goal 6 - Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.
Goal 11 - Coordinate public policy planning and decisions among state, counties and municipalities.

Revisions/Action Needed:

- **A Memorandum of Understanding** to formalize the relationships between the partners.
- **Inventory of nonprofit capacity building needs** among nonprofit housing organizations, with the goal of improving the provision of training and technical assistance.

Resources needed to create/revise:

- **Inventory of non-profit capacity building needs.**
- Technical assistance on best way to inventory capacity building needs of nonprofit housing groups.
- Technical assistance to develop a survey instrument.
- Staff or consultant time to conduct and analyze information.

Process for creation/revision:**Memorandum of Understanding:**

- Revise draft of Memorandum of Understanding and re-submit to HCBP partners for approval and signatures.

Inventory of nonprofit capacity building needs:

- Identify nonprofit housing organizations to be surveyed.
- Identify and develop survey instrument and method to be used to access the needs information (i.e. written survey, telephone survey, personal interviews).
- Conduct survey of capacity building needs.
- Complete analysis of the needs identified in inventory.
- Develop appropriate training and technical assistance plans.

Schedule:**Memorandum of Understanding:**

- January 1, 2002 -- Memorandum of Understanding between HCBP partners signed.

Inventory of nonprofit capacity building needs

- November 1, 2001 - April 1, 2002 - Develop and conduct inventory of capacity building needs among nonprofit organizations.
- April 1, 2002 - June 15, 2002 - Analyze information on capacity building needs of nonprofit organizations and develop recommendations for HCBP response.
- June 15, 2002 - July 1, 2002 - Develop HCBP priorities based on needs inventory.
- July 1, 2002 and forward - Develop and deliver appropriate training and technical assistance based upon needs information received by nonprofit organizations. Implement feedback mechanism by which those participating in training and technical assistance can provide ongoing information about their needs.

Measures to guide progress:

- HCBP has served 66 nonprofit organizations to date.
- HCBP provides assistance to 15-25 organizations per year.
- HCBP receives over \$200,000 annually in contributions from financial institutions.
- HCBP receives over \$25,000 annually in contributions from foundations.
- HCBP receives over \$50,000 in-kind support from each partner organization.
- HCBP FY02 contributions to date are \$37,500 from three financial institutions, we expect contributions of \$225,000 by July 1, 2002.

Interactions or inter-relationships with other agencies or units of government:

- The HCBP is a partnership between the **Delaware State Housing Authority, the University of Delaware's Center for Community Development and Family Policy and the Delaware Community Investment Corporation** which succeeds in great part due to daily staff interaction.
- The HCBP has an Advisory Committee which includes people from HUD, financial institutions, the City of Wilmington, and nonprofit organizations.
- The HCBP facilitates cooperative relationships between government, nonprofit organizations and for-profit organizations (for example, aiding in the development and implementation of a Homeless Management Information System, facilitating collaborative funding applications through the Homeless Planning Council, and the Sussex County Housing Group).

Capital/Budget:

- Work can be accomplished with current staff supported by DSHA. Capacity grants will be funded by financial institutions.

Activity/Policy/Program Name:

STATEWIDE AFFORDABLE HOUSING STRATEGY

Contact Person: Marcus A. Henry

Enabling Laws:

U.S. Department of Housing and Urban Development Statewide Consolidated Plan regulations found at (42 U.S.C. 12703); Cranston-Gonzales National Affordable Housing

Policies: DSHA is expanding its initiatives under the Consolidated Plan to produce a broader Housing Strategy.

History:

- Executive Order Number 14, signed by Governor Ruth Ann Minner to set up the Livable Delaware Strategy, sets a format for identifying programmatic and structural changes that need to take place within State agencies, so that they may be more completely in line with the goals and objectives of *Shaping Delaware's Future*, the State's current land use strategy for state policies and spending.

Current Situation:

- **Plans for affordable housing in the State are done by four different government entities: City of Wilmington, New Castle County, City of Dover and Delaware State Housing Authority (reflecting Kent and Sussex counties only).** While the DSHA plan includes the housing data for the entire state, the individual plans lack coordination and targeted efforts and activities to accomplish the goals of *Liveable Delaware*. If we are to assure that these goals are met, **we all must participate in a collaborative planning effort.**
- The Plan will incorporate all of the tools and resources currently in use for housing planning. The plan will identify how they overlap and/or fall short of meeting the current needs.
- ***Shaping Delaware's Future:***
 - Goal 1 - Direct investment and future development to existing communities, urban concentrations, and growth areas.***
 - Goal 3 - Improve housing quality, variety, and affordability for all income groups.***
 - Goal 5 - Streamline regulatory processes and provide flexible incentives and disincentives to encourage development in desired areas.***
 - Goal 6 - Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.***
 - Goal 8 - Protect the state's water supplies, open spaces, farmlands, and communities by***

encouraging revitalization of existing water and wastewater systems and the construction of new systems.

Revisions/Actions:

- Get agreement with all housing agencies/authorities to participate in a statewide planning effort for affordable housing programs.
- Include the Consolidated Plan program descriptions for CDBG, ESGP, HOME and HOPWA, and the Continuum of Care Narrative which guides the applications under the Supportive Housing Program to assure the goals of **Livable Delaware** are met as they relate to affordable housing, to economies of scale, and create synergy with our state.
- Publish Housing Needs Assessment that incorporates the 2000 census information.
- Determine the feasibility of managing New Castle County housing programs to gain economies of scale. (HUD/FHA has asked that we agree to manage FHA properties in New Castle County.)
- Identify land that may be acquired/used for affordable housing and support construction of housing on such land.
- Determine the role DSHA will have with **the Delaware Emergency Management Agency** housing and affected communities.
- Determine the role DSHA will have with **manufactured housing**.

Resources needed to create/revise:

- Staffing for drafting the Plan and coordinating public hearings throughout the state.

Process for creation/revision:

- Meet with housing agencies/authorities to develop interest and agreement for the creation of a Statewide Housing Strategy.
- Meet with local elected officials and County Administrators to discuss benefits of, and get buy-in for, the Statewide Housing Strategy.
- Amend the Low Income Housing Tax Credit Allocation Plan to allow for new Needs Assessment findings, and to give priority to the greatest extent possible to sites targeted for “Communities” as designated by *Shaping Delaware’s Future*.
- Develop a database that identifies land that can be developed for single-family and multi-family residential use; determine ownership and resale possibility. Continue existing work with State Planning Office and Geographic Data Committee.

- Continue exploring the creation of emergency housing and management of the communities.
- Draft Statewide Housing Plan and hold public hearings throughout the state.
- Implement and monitor both the Statewide Housing Plan and the Fair Housing Plan.
- Introduce initiatives to the State Legislative contacts and gain their support for any legislation that may be necessary.

Schedule:

- August, 2001 - Develop a database of land that can be developed for single-family and multi-family residential use; determine ownership and resale possibility. Continue existing work with State Planning Office and Geographic Data Committee.
- Underway, and continuing - Explore the creation of emergency housing and management of the communities.
- September, 2001 - Commence implementation of the Delaware State Fair Housing Plan.
- October, 2001 - Amend the Low Income Housing Tax Credit Allocation Plan to allow for new Needs Assessment findings, and to give priority to the greatest extent possible to sites targeted for “Communities” as designated by *Shaping Delaware’s Future*.
- November, 2001 - Set up a Fair Housing educational program for local government officials so that they may satisfy the requirements of the Fair Housing plan.
- January, 2002 - Initiate statewide study circles based on YWCA model, to support the Consolidated Plan requirements for public participation and to coordinate with the development of the Statewide Housing Plan.

Measures to guide progress:

- Memorandum of Agreement from government entities to develop plan.
- Database developed by August 31, 2001.
- Implementation of Fair Housing Plan begun by November 30, 2001.
- Revised Low Income Housing Tax Credit Allocation Plan by October 31, 2001.

Interactions or inter-relationships with other agencies or units of government:

This has the greatest implications for land use in that it serves as a comprehensive plan for the preservation of existing housing and where new construction should take place. Affordable housing goals will match the Livable Delaware goals. Other agencies include:

- All housing agencies/authorities
- Delaware Economic Development Office

- Department of Education
- Department of Health and Social Services
- Department of Services for Children, Youth and their Families
- Department of State
- Department of Transportation
- Local Government Officials and County Administrators
- Office of State Planning
- State Legislature House and Senate Chairs

Capital/Budget:

- For planning purposes, costs should be incorporated in the various budgets.

Activity/Policy/Program Name:

GEORGETOWN/SUSSEX COUNTY HOUSING INITIATIVE

Contact Person: Julia F. Loescher

Enabling Laws: Title 31, Chapter 40, Subchapter III, Section 4001 of the Delaware Code.

Policies: DSHA Housing Strategy

History:

- **The United States Census Bureau reported that the Hispanic population of Sussex County grew over 350 percent between 1990 and 2000.** Georgetown has experienced tremendous growth during the past decade due to hundreds of families which have immigrated to the rural areas of the State in response to the growing demand for labor in the chicken processing, manufacturing and agricultural industries. The condition of housing in Sussex County has received media coverage at the local, state and national (*Wall Street Journal*, *Washington Post*, and *USA Today*) levels. The influx has put a tremendous strain on services, and **decent, sanitary, affordable housing for the increased population is almost non-existent.**

Current Situation:

- **The most urgent need is for affordable housing.**
- Right behind as a close second is the need to address the problem of substandard and boarded-up housing.
- Another issue is the **willingness to zone** land which is suitable and available for the development of affordable housing.
- The Georgetown Town Council has failed to revise its ineffective condemnation process and other legal procedures which allow landlords to walk away from properties without fear of loss of the property.
- Need for education for the Hispanic population and non-Hispanic community on cultural and fair housing matters.
- **There is a lack of affordable housing** (multi-family and homeownership units) **in Sussex County for teachers.** The Department of Education reports that teacher recruitment is made more difficult because of the lack of housing. **A housing teacher incentive is needed.**
- **Housing preservation/rehabilitation** must be made a priority. DSHA, with input from community groups, identified families in Sussex without inside toilets.
- **Shaping Delaware's Future**
 - Goal 1 - Direct investment and future development to existing communities, urban concentrations, and growth areas.*
 - Goal 3 - Improve housing quality, variety, and affordability for all income groups.*
 - Goal 6 - Encourage redevelopment and improve the livability of existing communities and urban areas, and guide new employment into underused commercial and industrial sites.*
 - Goal 10 - Improve access to educational opportunities, health care and human services for all Delawareans.*

Revisions/Actions Needed:

- *Determine need for multi-family and homeownership units through demographic input from businesses and residents.*
- Identify developable land as prescribed by Livable Delaware that can be developed for single-family and multi-family residential use, determine ownership and resale possibility.
- Identify substandard and condemned properties, their owners, and the status of condemnation. Approach owners about sale and/or rehabilitation of properties.
- Facilitate financing for purchase, development and/or rehabilitation of properties identified with willing and able developers.
- Work with Georgetown and Sussex Managers to review condemnation process and code enforcement guidelines. Begin to address legal impediments to gaining control over boarded-up properties.

Resources needed to create/revise:

- Staffing for drafting the Plan and coordinating public hearings.

Process for creation/revision:

- Determine members of core working planning group with no duplication of on-going efforts.
- Core group drafts short/long term housing goals.
- Recruit stakeholders to effect goals.
- **Review our initiatives with State Legislative Contacts: Carey (36), West (41) and Adams (19).** Enlighten them on the potential that Georgetown has for resolving the housing crisis, and **gain their support for any legislation that may be necessary.**

Schedule:

- September, 2001- DSHA Director meets separately with the Georgetown Mayor, Sussex County Council, and State Legislators to discuss the immediate need for affordable housing, and our proposed strategy for addressing the need.
- September, 2001 - Community Affairs staff has follow up meeting with subcommittee of Sussex Housing Group to identify properties available for development and rehabilitation.
- October, 2001 - Community Affairs staff provides input to Town Manager regarding code amendments for condemnation process.
- December, 2001 - Focus Groups by issue, **convened** by DSHA/study circles **convened** by YWCA.
- **March, 2002 -- Georgetown/Sussex Housing ‘Summit’, for the entire community to have an opportunity for input into a strategic planning process.**

Measures to guide progress:

- Draft of plan reflecting short/long term housing goals.
- Increase in availability of affordable rental housing in Georgetown/Sussex.
- Substandard housing brought up to code.
- Boarded-up properties demolished or brought up to code and put on market.
- Georgetown and Sussex County revise condemnation and other legal procedures which are impediments to development and maintenance of affordable housing.

- Development and completion of fair housing and cultural awareness programs for long-time residents of Georgetown and Sussex County as well as new immigrants.

Interactions or inter-relationships with other agencies or units of government:

- Delaware Department of Agriculture
- Delaware Department of Economic Development
- Delaware State University
- Office of State Planning/Geographic Data Committee
- Georgetown Mayor; Town Managers and County Administrators; and, State Legislators
- US Bureau of the Census
- US Department of Housing and Urban Development

Capital/Budget:

- For planning purposes, costs should be incorporated in the various budgets.